



CITY OF ATLANTA

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MAYOR

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August 15, 2008

Via Hand Delivery

The Honorable Lisa M. Borders, President
Members of Atlanta City Council
Atlanta City Hall
Atlanta, Ga. 30335

Dear President Borders and Member of City Council:

I write to provide information related to City Council's consideration of 08-O-1540, a proposed ordinance that seeks to eliminate \$1.125 million from the General Fund accounts of certain departments and transfer the same amount to the General Fund budget of Atlanta Fire Rescue.

As the Administration has consistently made clear, we oppose 08-O-1540, as it does not serve the best interests of the City as a whole and the underlying argument in support of the ordinance is flawed. All decisions of the City – but especially those made during the present time of escalating costs and falling revenues – must be made from the standpoint of operational efficiency and cost effectiveness. In the present case, the closure of Fire Station No. 7 will not reduce the emergency response time of our fire rescue personnel. It is the only fire station in the City that can be closed without an impact on response times, and that is the reason we elected to close the station (in response to the funding requirements of City Council's budget of June 27). While the closure is unfortunate, and I fully recognize the community's historical ties to the station, we have an opportunity to reduce City spending by \$1 million while still providing the level of service required by national emergency response standards. In today's world it is simply not possible to justify the expenditure of funds that have no impact on the delivery of city services.

In addition, any decision about Fire Station No. 7 must be made in the context of the revenue environment facing the City for the next 10 months. All of the economic news for the region, state and nation is bad; it is widely recognized that the recession has not yet bottomed out. The State of Georgia recently has forecasted a revenue shortfall of \$1.6 billion for the current year. It is too early in the fiscal year to have a formal projection based on actual monthly results, but we fully anticipate that actual City revenues for FY09 will be significantly less than budgeted. It is instructive to note that sales tax receipts for July were down 14% over last year. If that trend were to continue throughout the year (and the State's preliminary numbers for August, at least, are in line with the July figures), then a 14% decrease would translate into a \$15 million shortfall of

sales tax receipts for the year (budget vs. actual). Remember, sales tax revenues only represent 1/5 of the City's overall revenues, and our budgeted reserve totals just \$25 million. In this environment our top fiscal priority should be setting aside savings to increase our reserves. Ordinance 08-O-1540 makes a bad situation worse by taking potential savings and allocating them not to reserves but to additional and unnecessary operational costs.

Please understand, too, that the cuts mandated by the ordinance – while designated from non-personnel accounts – will have a negative impact on service delivery across a range of departments. On average support departments already have had a 30% reduction in personnel and spending. There are few instances of such dramatic cuts in private industry, much less in the public sector. It simply is not possible to cut further without an operational impact. Without going into detail on every single department, let me highlight some of the more significant impacts:

- Department of Corrections (\$216,966). Because of the size of the proposed cuts, DOC cannot accommodate this amount from non-personnel accounts without affecting its budget for inmate meals, property room management, medical services and Grady security contract. Because we are required by constitutional law to maintain certain standards related to meals and medical services for inmates, and because we have or will shortly have legally binding contracts for property room management and Grady security, we do not currently have a realistic plan to meet the requirements of this ordinance.
- Department of Parks, Recreation and Cultural Affairs (\$153,961).
 - \$25,650 reduction in Public Art conservation.
 - \$82,228 reduction in security services for pools. The cut would mean shorter pool hours during the summer of 2009.
 - \$44,760 reduction in security for Oakland Cemetery, leaving the cemetery without security at night.
- Judicial Agencies (\$89,351). Chief Judge Deborah Greene has responded in a separate memo to City Council on the impact to the municipal court. In summary, she has stated that it is not possible to make these cuts from non-personnel accounts. To do so would eliminate funding for essential contracts such as computer service maintenance, credit card processing fees and security-related items. Judge Greene states that the proposed cuts could only come from personnel-related accounts.
- Department of Information Technology (\$221,295). The full amount would be taken from the City-wide telephone services budget. While we would work to ensure maintaining full service, this budget already has been reduced by \$800,000, and the full impact of additional cuts is uncertain at this time.

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- Department of Law (\$81,539). The full amount would come from a reduction in outside counsel expenditures. This budget item already has been reduced from \$1.6 million in FY08 to the current level of \$890,000. The further reduction would impair our ability to handle existing bond issuances (necessitated by recent changes in the bond insurance business) and to respond to unforeseen legal needs that may arise this year.

I well understand that City Council has the governing authority to direct the budget changes proposed by 08-O-1540. And I recognize fully the motivation behind the legislation and the strong emotional ties that communities have to assets like Fire Station No. 7. However, I urge City Council to file 08-O-1540 for all the reasons noted above.

As the chief executive officer of the City, it is my responsibility to ensure that we operate the City as effectively as possible; that our spending is aligned with projected revenues; and that individual decisions be made in light of the interests of every resident of Atlanta. For all these reasons, and those highlighted above, please know that should City Council elect to approve 08-O-1540 I will exercise my authority to veto the legislation.

Thank you for your consideration of this matter.

Sincerely,



Shirley Franklin

cc: Cabinet Members